

AMENDED IN ASSEMBLY MARCH 18, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 329

Introduced by Assembly Member Scott

February 11, 1999

An act to amend Section 12978 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 329, as amended, Scott. Insurance: fees.

Existing provisions of the Insurance Code set forth various fees to be paid by persons licensed by the Department of Insurance. Under existing law, the Insurance Commissioner is authorized to increase or decrease those fees by a uniform percentage rounded to the nearest whole dollar, to allow the department to meet the appropriation authorized by the annual Budget Act.

This bill would remove the requirement that any increase or decrease in the statutory fees be by a uniform percentage for all fees rounded to the nearest whole dollar, *and would require that any increase or decrease in fees be equitably allocated in a manner that reflects, to the greatest extent reasonably possible, the actual administrative and operational costs of performing the regulating duties funded by those fees.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~—yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12978 of the Insurance Code is
2 amended to read:

3 12978. Notwithstanding any other provision of law,
4 the commissioner may increase or decrease the fees set
5 forth in this code as necessary to allow the department to
6 meet the appropriation authorized by the annual Budget
7 Act. However, any increase or decrease so made shall be
8 made only in accordance with this section, and a fee
9 increase shall not exceed 10 percent without the prior
10 approval of the Legislature.

11 *Any increase or decrease in fees authorized under this*
12 *section shall be equitably allocated among the affected*
13 *licenses and entities in a manner that reflects, to the*
14 *greatest extent reasonably possible, the actual*
15 *administrative and operational costs of performing the*
16 *regulatory duties funded by those fees.*

17 A single annual increase or decrease in fees, on a fiscal
18 year basis, may be made by the department at any time
19 during the year provided it is announced by bulletin
20 issued at least 90 days prior to the effective date of that
21 increase or decrease. The bulletin shall be sent to all
22 affected parties and to both houses of the Legislature. Any
23 fee increase or decrease may be rescinded by a majority
24 vote of both houses of the Legislature not later than 60
25 days after the issuance of the bulletin announcing the
26 increase or decrease.

27 In the event the bulletin is issued during the period
28 between August 1 and December 1 of any year, the
29 department shall provide notice in writing of the
30 necessity of any fee increase or decrease as proposed in
31 the bulletin upon issuance of the bulletin to the
32 chairperson of the committee in each house which
33 considers appropriations and the Chairperson of the Joint
34 Legislative Budget Committee.

35 If written notice is provided to the commissioner
36 within 60 days of the issuance of the bulletin announcing
37 the increase or decrease by any of the chairpersons that
38 there is an objection to the fee increase or decrease, the

1 increase or decrease shall take effect February 1 of the
2 following year unless rescinded by a majority vote of both
3 houses of the Legislature by that date, rather than 60 days
4 after issuance of the bulletin.

5 The limit on the amount which the fees may be
6 increased or decreased shall be the amount necessary to
7 provide sufficient moneys to meet the appropriations
8 contained in the Governor's Budget for the next
9 succeeding fiscal year, or, to the extent that moneys
10 received or projected to be received by the department
11 are insufficient to meet the appropriation authorized by
12 the annual Budget Act during the then current fiscal
13 year, an amount necessary to meet that appropriation.

